

Presented to the Court by the foreman of the
Grand Jury in open Court, in the presence of
the Grand Jury and FILED in The U.S.
DISTRICT COURT at Seattle, Washington.

December 18, 2002
BRUCE RIFKIN, Clerk
By H. Brent Zachary Deputy

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,

Plaintiff,

v.

HUSSEIN ALSHAFEI,
aka ABU ALI
aka ABU ALLAWI;

ALSHAFEI FAMILY CONNECT, INC;

ALI MOHAMMUD ALI ABBAS,
aka ABDULLA ALI ABBAS,
aka ABU HAMID;

HAIDER AMER FAKHER;

FNU (First Name Unknown) FAKHER,
aka ABU HAIDER;

HASHIM MOHSIN ALMOSAWI;

ABDULILAH HAMID DAOUD,
aka ABD ALELAH,
aka ABU MAZEN;

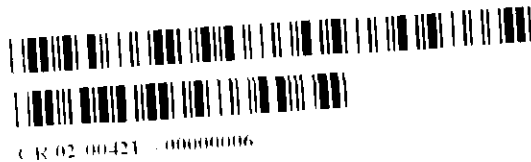
AHMED FAYADH KATHE,
aka AHMED FAYADH,
aka AHMED FAYADH KAWTHER,
aka ABU KAWTHER;

SALAM SAID ALKHURSAN;

KHALID AMEN,
aka KHALID AL AMIN,
aka KHALID AL KHAFAJI,
aka KHALID KHAFAJI;

NO. CR02-421C

SUPERSEDING
INDICTMENT



1 ALI NOOR ALSUTANI,
 aka ALI ALSULTANI;
 2 ALI ALMARHOUN; and
 3 MALIK ALMALIKI,
 4 aka ALI AL MALIKI,
 aka MALIK MALIKI,
 5
 Defendants.

7 The Grand Jury charges that:

8 **INTRODUCTION**

- 9
- 10 1. ALSHAFEI FAMILY CONNECT, INC., is a Washington Corporation with its
 11 principal place of business at Edmonds, Washington.
 - 12 2. ALSHAFEI FAMILY CONNECT, INC., is solely owned and operated
 13 principally by HUSSEIN ALSHAFEI, aka ABU ALI, aka ABU ALLAWI.
 - 14 3. HUSSEIN ALSHAFEI is a native of Iraq and a naturalized United States citizen
 15 residing in Edmonds, Washington, who between approximately April 2000 and January
 16 2002, in violation of the International Emergency Economic Powers Act, (IEEPA),
 17 transmitted approximately \$12,073,422 in funds or goods for the benefit of a person or
 18 persons in Iraq.
 - 19 4. ALI MOHAMMUD ALI ABBAS, aka ABDULLA ALI ABBAS, aka ABU
 20 HAMID resides in Jordan and acts as an agent of ALSHAFEI FAMILY CONNECT,
 21 INC., in Jordan. ALI MOHAMMUD ALI ABBAS, aka ABDULLA ALI ABBAS aka
 22 ABU HAMID facilitates the transfer of funds from ALSHAFEI FAMILY CONNECT,
 23 INC., to First Name Unknown (FNU) FAKHER, aka ABU HAIDER and HAIDER
 24 AMER FAKHER in Iraq.
 - 25 5. First Name Unknown (FNU) FAKHER, aka ABU HAIDER is a resident of Iraq
 26 who operates in Iraq as "Al-Nour Trading." FNU FAKHER acts as an agent of
 27 ALSHAFEI FAMILY CONNECT, INC., in Iraq.
- 28

1 6. HAIDER AMER FAKHER is also a resident of Iraq who operates in Iraq as "Al-
2 Nour Trading." HAIDER AMER FAKHER also acts as an agent of ALSHAFEI
3 FAMILY CONNECT, INC., in Iraq.

4 7. HASHIM MOHSIN ALMOSAWI, a resident of Everett, Washington, and an
5 employec of ALSHAFEI FAMILY CONNECT, INC., facilitated the transfer of funds
6 from the United States to Iraq.

7 8. ABDULILAH HAMID DAOUD, a resident of London, England, and the owner
8 of Magnum Industrial, LTD, acted as an intermediary receiving funds from ALSHAFEI
9 and forwarding goods or funds for the benefit of an individual or individuals in Iraq.

10 9. AHMED FAYADH KATHE, a resident of Dubai, United Arab Emirates, and
11 the operator of Amayl Trading, acted as an intermediary receiving funds from
12 ALSHAFEI and forwarding goods or funds for the benefit of an individual or
13 individuals in Iraq.

14 10. SALAM SAID ALKHURSAN, a resident of the Dallas, Texas, area, operated as
15 a domestic agent for ALSHAFEI, collecting approximately \$993,538 which funds were
16 forwarded to ALSHAFEI for transmittal to Iraq.

17 11. KAALID AMEN, a resident of the St. Louis, Missouri, area, operated as a
18 domestic agent for ALSHAFEI, collecting approximately \$513,960 which funds were
19 forwarded to ALSHAFEI for transmittal to Iraq.

20 12. ALI NOOR ALSUTANI, a resident of the Nashville, Tennessee, area, operated
21 as a domestic agent for ALSHAFEI, collecting approximately \$139,302 which funds
22 were forwarded to ALSHAFEI for transmittal to Iraq.

23 13. ALI ALMARHOUN, a resident of the Phoenix, Arizona, area, operated as a
24 domestic agent for ALSHAFEI, collecting approximately \$347,570 which funds were
25 forwarded to ALSHAFEI for transmittal to Iraq.

26 14. MALIK ALMALIKI, a resident of the Roanoke, Virginia, area, operated as a
27 domestic agent for ALSHAFEI, collecting approximately \$133,235 which funds were
28 forwarded to ALSHAFEI for transmittal to Iraq.

APPLICABLE REGULATIONS AND LAWS

15. Title 50, United States Code, Sections 1701 et seq., known as the International Emergency Economic Powers Act ("IEEPA"), grants the President the authority to, among other things, "investigate, regulate, or prohibit – any transactions in foreign exchange" including "transfers of credit or payments between, by, through, or to any banking institution, to the extent that such transfers or payments involve any interest of any foreign country or a national thereof [as well as] the importing or exporting of currency or securities." 50 U.S.C. § 1701(a)(1)(A). Section 1701 grants the President the power to exercise this authority upon declaration of a national emergency.

16. In Executive Order Number 12722, signed on August 2, 1990, President George Bush declared that "the policies and actions of the Government of Iraq constitute an unusual and extraordinary threat to the national security and foreign policy of the United States," and declared "a national emergency to deal with that threat." The Order, still in effect, prohibits certain trade-related activities with Iraq. In particular, Executive Order Number 12724, signed by President Bush on August 13, 1990, prohibits activities relating to Iraq, including "any commitment or transfer, direct or indirect, of funds, or other financial or economic resources by any United States person to the Government of Iraq or any other person in Iraq." In addition, the Order specifically prohibits "[a]ny transaction by any United States person that evades or avoids, or has the purpose of evading or avoiding, any of the prohibitions set forth in this order." The Order defines the term "United States person" as "any United States citizen, permanent resident alien, judicial person organized under the laws of the United States (including foreign branches), or any person in the United States, and vessels of U.S. registration."

17. Every year since 1990, the President has continued the national emergency with respect to Iraq. These Executive Orders have authorized the Secretary of the Treasury, in consultation with the Secretary of State, "to take such actions, including the

1 promulgation of rules and regulations, as may be necessary to carry out the purposes,”
2 of the Executive Orders.

3 18. Pursuant to this authority, the Office of Foreign Assets Control, the office within
4 the Department of Treasury charged with the responsibility of administering sanctions
5 against foreign entities, promulgated regulations to implement the Executive Orders.
6 The relevant regulations are located in Title 31 of the Code of Federal Regulations,
7 Section 575 and state, in part, that “no U.S. person may commit or transfer, directly or
8 indirectly, funds or other financial or economic resources to the government of Iraq.”
9 31 C.F.R. § 575.210. In addition, section 575.211 states “a[ny] transaction for the
10 purpose of, or which has the effect of, evading or avoiding, or which facilitates the
11 evasion or avoidance of, any of the prohibitions set forth in this subpart [Prohibitions] is
12 hereby prohibited. Any attempt to violate the prohibitions set forth in this part [Iraqi
13 Sanctions Regulations] is hereby prohibited. Any conspiracy formed for the purpose of
14 engaging in a transaction prohibited by this part is prohibited.”

15 19. Title 18, United States Code, Section 1956(c)(7)(D), identifies violations of the
16 International Emergency Economic Powers Act, Title 50, United States Code, Section
17 1705, as a “specified unlawful activity,” thus categorizing the transfer of funds from the
18 United States to Iraq as money laundering.

19 **THE CHARGES**

20 **COUNT 1** 21 **(Conspiracy to Launder Monetary Instruments)**

22 20. Beginning at a time unknown but within the last five years and continuing
23 through the date of this Indictment, within the Western District of Washington and
24 elsewhere, HUSSEIN ALSHAFAEI, aka ABU ALI, aka ABU ALLAWI, ALSHAFAEI
25 FAMILY CONNECT, INC., ALI MOHAMMUD ALI ABBAS, aka ABDULLA ALI
26 ABBAS, aka ABU HAMID, HAIDER AMER FAKHER, FNU (First Name Unknown)
27 FAKHER aka ABU HAIDER, HASHIM MOHSIN ALMOSAWI, ABDULILAH
28 HAMID DAOUD, aka ABD ALELAH, aka ABU MAZEN, AHMED FAYADH
KATHE, aka AHMED FAYADH, aka AHMED FAYADH KAWTHER, aka ABU

1 KAWTHER, SALAM SAID ALKHURSAN, KHALID AMEN, aka KHALID AL
 2 AMIN, aka KHALID AL KHAFAJI, aka KHALID KHAFAJI, ALI NOOR
 3 ALSUTANI, aka ALI ALSULTANI, ALI ALMARHOUN, and MALIK ALMALIKI,
 4 aka ALI AL MALIKI, aka MALIK MALIKI, and others known and unknown to the
 5 grand jury, did knowingly and intentionally conspire to transmit and transfer funds via
 6 wire from places in the United States, including Lynnwood, Washington, Seattle,
 7 Washington, and New York, New York, to places outside the United States, including
 8 England, India, Canada, Brazil, Taiwan, Egypt, Jordan, United Arab Emirates (UAE),
 9 and Iraq, with the intent to promote the carrying on of specified unlawful activity, that
 10 is, the transfer of funds or goods to persons in Iraq, in violation of the International
 11 Emergency Economic Powers Act.

12 All in violation of Title 18, United States Code, Section 1956(h).

13 **COUNTS 2 - 8**
 14 **(Money Laundering)**

15 21. On or about the dates specified below, within the Western District of Washington
 16 and elsewhere, HUSSEIN ALSHAFAEI transmitted funds from a place in the United
 17 States to a place outside the United States with the intent to promote the carrying on of
 18 specified unlawful activity, that is, the violation of the International Emergency
 19 Economic Powers Act as follows:

Ct	Date	From (Debit Bank)	To (Credit Bank)	Intermediary	Beneficiary	Amount
2	07/03/00	City Bank Lynnwood, WA	Andhra Bank Bombay, India	Reliable Engineering	Abu Haider, Iraq	\$13,500
3	11/01/00	City Bank Lynnwood, WA	City Bank, SA Brazil	Twins International	Abu Haider, Iraq	\$11,000
4	02/16/01	Bank of America Seattle, WA	Royal Bank of Canada, Montreal, Canada	Spark Electro	Abu Haider, Iraq	\$5,000
5	02/21/01	Bank of America Seattle, WA	Hau Nan Commercial Bank Taipei, Taiwan	Yehmad Industries	Abu Haider, Iraq	\$40,310

6	07/06/01	Bank of America Seattle, WA	Arab Banking Corp. Cairo, Egypt	GMMA-Group Cairo	Abu Haider, Iraq	\$40,000
7	12/12/01	Bank of America Seattle, WA	Commerial Bank Int'l Dubai, United Arab Emirates	Alhadba Trading Co.	Abu Haider, Iraq	\$75,000
8	01/16/02	Bank of America Seattle, WA	Commerial Bank Int'l Dubai, United Arab Emirates	Amyal Trading Co.	Abu Haider, Iraq	\$10,000

All in violation of Title 18, United States Code, Section 1956(a)(2)(A).

**COUNTS 9 - 35
(Money Laundering)**

On or about the dates specified below, within the Western District of Washington and elsewhere, HUSSEIN ALSHAFFI, aided, abetted and induced by ABDULIL HAMID DAOUD, transmitted funds from a place in the United States to a place outside the United States with the intent to promote the carrying on of specified unlawful activity, that is, the violation of the International Emergency Economic Powers Act as follows:

Ct	Date	From (Debit Bank)	To (Credit Bank)	Intermediary	Beneficiary	Amount
9	05/19/00	City Bank Lynnwood, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$23,883
10	06/06/00	City Bank Lynnwood, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$4,950
11	06/21/00	City Bank Lynnwood, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$10,000
12	07/27/00	City Bank Lynnwood, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$42,138
13	08/07/00	City Bank Lynnwood, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$15,000
14	09/08/00	City Bank Lynnwood, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$47,600
15	09/26/00	City Bank Lynnwood, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$10,000

1	16	11/01/00	City Bank Lynnwood, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$57,600
2	17	11/17/00	City Bank Lynnwood, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$71,275
3	18	11/24/00	City Bank Lynnwood, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$10,280
4	19	12/05/00	City Bank Lynnwood, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$55,000
5	20	12/14/00	City Bank Lynnwood, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$44,520
6	21	12/27/00	City Bank Lynnwood, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$32,400
7	22	01/24/01	Bank of America Seattle, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$70,000
8	23	02/14/01	Bank of America Seattle, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$75,517
9	24	02/21/01	Bank of America Seattle, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$15,000
10	25	03/02/01	Bank of America Seattle, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$8,000
11	26	03/15/01	Bank of America Seattle, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$45,000
12	27	03/22/01	Bank of America Seattle, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$23,746
13	28	04/10/01	Bank of America Seattle, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$6,916
14	29	05/01/01	Bank of America Seattle, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$15,000
15	30	05/30/01	Bank of America Seattle, WA	Lloyd's Bank London, England	Magnum International London, England	Abu Haider, Iraq	\$12,836
16	31	06/14/01	Bank of America Seattle, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$15,000
17	32	07/09/01	Bank of America Seattle, WA	Lloyd's Bank London, England	Magnum Industrial London, England	Abu Haider, Iraq	\$10,737
18	33	08/07/01	Bank of America Seattle, WA	Lloyd's Bank London, England	Magnum International London, England	Abu Haider, Iraq	\$70,000
19	34	08/16/01	Bank of America Seattle, WA	Lloyd's Bank London, England	Magnum International London, England	Abu Haider, Iraq	\$21,810

35	08/23/01	Bank of America Seattle, WA	Lloyd's Bank London, England	Magnum International London, England	Abu Haider, Iraq	\$10,718
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All in violation of Title 18, United States Code, Section 1956(a)(2)(A) and Section 2.

CRIMINAL FORFEITURE ALLEGATIONS

22. Pursuant to Title 18, United States Code, Section 982(a)(1), each defendant who is convicted of one or more of the offenses set forth in Counts 1- 35 shall forfeit to the United States the following property:

- a. All right, title, and interest in any and all property involved in each offense in violation of Title 18, United States Code, Section 1956, or conspiracy to commit such offense, for which the defendant is convicted, and all property traceable to such property, including the following:

1. MONEY JUDGMENT

A sum of money equal to \$12,073,422 in United States funds, representing the total amount of funds involved in each money laundering offense, or conspiracy to launder monetary instruments. If more than one defendant is convicted of an offense, the defendants so convicted are jointly and severally liable for the amount involved in such offense.

2. BANK ACCOUNTS

- a. all funds in Comerica Bank account # 1850845890, under the name ALSHAFEI FAMILY CONNECT, INC.;
- b. all funds in Bank of America account # 60587482, under the name Ghanim B. Aljobori;

c. all funds in Homestreet Bank account # 5100163665, in the name
ALSHAFEI FAMILY CONNECT, INC; and

If any of the above-described forfeitable property, as a result of any act or
omission of the defendants:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without
difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p) as incorporated by 18
U.S.C. § 982(b), to seek forfeiture of any other property of said defendants up to the
value of the forfeitable property described above.

A TRUE BILL:

DATED: 12/17/02

FOREPERSON

LESLIE LEVIN

JOHN McKAY
United States Attorney

FLOYD G. SHORT
Assistant United States Attorney

FRANCIS J. DISKIN
Assistant United States Attorney

TESSA M. GORMAN
Assistant United States Attorney

RICHARD E. COHEN
Assistant United States Attorney